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URUGUAY'S

LIVESTOCK AND MEAT INDUSTRY

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CONTENTS

	Page
Summary	1
Livestock and meat:	
Importance of industry	1
Livestock regions	2
Livestock numbers	2
Production factors	2
Marketing practices	3
Slaughter trends	4
Meat production	4
Domestic meat consumption	4
Exports	4
Other products:	
Wool	5
Hides and skins	5
Tallow	6

URUGUAY'S LIVESTOCK AND MEAT INDUSTRY

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Summary

The livestock industry accounts for more than 90 percent of Uruguay's export earnings. Wool is the country's most important export and usually makes up about three-fourths of the value of livestock products marketed abroad. Meat and hides and skins are the other livestock products of significance in foreign trade. Exports of livestock commodities in 1961 were valued at $159 million, the highest figure attained since 1956. Increased wool shipments accounted for the increase over 1959 and 1960.

Over 90 percent of the land in Uruguay is used for agricultural purposes but, because of shallow soils, three-fifths of the area can be used only for grazing.

Total livestock numbers have not changed significantly in 50 years. While there has been some increase in cattle numbers in the last decade, there has been a corresponding decline in sheep population. Relatively high export taxes and domestic price ceilings have reduced returns from livestock operations and discouraged expansion of the industry. Another factor is that most of the livestock are raised on unimproved native grass pastures, and as a result suffer from nutritional deficiencies. Thus productivity per head of livestock is low and costs of production tend to be high.

During most of the past 10 years, Uruguay has had a higher per capita consumption of meat than any other country. About 85 percent of the meat production is consumed domestically, and only 15 percent sold on the export market.

Livestock and Meat

Importance of Industry

Agriculture, of which livestock is by far the most important segment, and the related food production industries account for over 60 percent of Uruguay's national product. Of the total labor force, about 42 percent are engaged in agricultural work and only 24 percent in industry. Of the latter, 17 percent are employed in food processing.

Uruguay depends upon livestock and meat products to earn all but a fraction of the foreign exchange needed to buy essential commodities from abroad. In 1961, exports from the livestock industry accounted for 91 percent of the value of all exports.

Wool is by far the principal livestock product exported and in 1962 accounted for 72 percent of the value of livestock and meat products marketed abroad. Meat accounted for 17 percent and hides and skins for practically all of the remainder.

Livestock Regions

Uruguay has a total area of 44 million acres, of which 41 million are used for agricultural purposes. Approximately 90 percent of the land is used for livestock production. Over 60 percent of the soils are too shallow to permit plowing and therefore can be utilized only for pasture.

The climate is temperate, frosts are infrequent, and year-round grazing is possible in all parts of the country. However, the carrying capacity of the native grass pastures is limited by the considerable variation in annual rainfall and frequent summer droughts.

Livestock are found in all sections of the country but are more heavily concentrated in areas where better soils permit heavier grazing.

Livestock Numbers

The extensive development of improved pastures and more efficient management practices would permit considerable expansion in cattle and sheep numbers. However, in recent years, Uruguay has experienced difficulty in exporting beef at world market prices, while the domestic price has been held down by retail price ceilings. Returns from wool have been reduced by a relatively high export tax. For the past 50 years, the livestock population has remained relatively constant.

Cattle numbers, at 8.7 million head, have increased by about 1 million head in the last decade, while sheep numbers, now at 22 million, are 2.5 million below the 1951-55 average. Hog numbers are relatively small but have shown some increase in the past 10 years.

Production Factors

The native grass pastures frequently undergo periods of drought, which results in shortages of feed supplies. Cattle consequently lose weight and are set back in growth, resulting in animals which are lean and do not represent the maximum quantity of marketable beef. Practically all cattle are finished on grass, and they do not reach slaughter until 3 to 4 years of age. Under such conditions, the average rate of turnover caused by late marketing is 15 percent, compared with 45 percent in the United States. It is estimated that 40 percent of the lamb crop is lost because of feed scarcities and other nutritional deficiencies.

Productivity per head of cattle is low. During 1962, an average of 69 pounds of beef per head was produced, compared with 111 pounds in Argentina and 157 pounds in the United States. In Uruguay, sheep are raised primarily for wool, and the lamb and mutton yield per head is exceptionally low. Only

4.5 pounds of lamb and mutton were produced per head of sheep in 1962, compared with 8 pounds in Argentina and 21 pounds in New Zealand. Wool production amounted to 8 pounds per head, compared with about 10 pounds in Argentina and in the United States.

The traditional method of livestock management in Uruguay is to graze both cattle and sheep continuously on the same pastures. A ratio for pasture utilization of one head of cattle to 2.5 sheep is about the average practice. A theory held by some is that such mixed grazing does not yield the highest return per unit area.

It is estimated that approximately 90 percent of the cattle in Uruguay are of the Hereford breed. Most of the remainder are Shorthorn, although a few Angus have been imported from Argentina in recent years.

The principal breed of sheep raised in Uruguay is the Corridale. The quality of the stock has been well maintained on the larger ranches, but on smaller properties little attention has been given to culling out inferior animals, with the result that yields of wool are low.

Because of the prevalence of foot-and-mouth disease, Uruguay is faced with uncertainty in exporting beef, as many European countries are making quarantine regulations more restrictive and the United States will permit only cooked and canned meat to enter from Uruguay. A new program to fight foot-and-mouth disease was begun in 1961, which it is hoped will eventually result in eradication of the disease.

Marketing Practices

A large proportion of the sales of livestock are by auction at the terminal market in Montevideo. Large numbers of animals are also bought directly on farms by the large packinghouses. The sellers frequently arrange with the packinghouses to be paid on a grade and yield basis after the animals are slaughtered. Many local butchers acquire livestock through private sales and have them slaughtered in local municipal abattoirs.

There is a good road and rail network throughout most of the livestock producing areas, but unpaved roads in some sections become impassable after heavy rains. Although many animals are still moved by rail, truck transportation is rapidly gaining in importance.

There are four major meat packing plants in Uruguay which produce most of the meat that is exported. Generally, the buildings and equipment are old, although there has been some modernization in recent years. In some plants the processing operations are efficient and in others technically antiquated. The plants are geared almost entirely for the export trade in chilled or frozen meat and byproducts, although one plant does a considerable volume of custom slaughter for local butchers.

Grading and veterinary inspection is under government regulation and supervision. Since cattle are grass-fattened, they generally grade according to U.S. standards, "Commercial" or "Good."

Canning operations are under contract or for a particular market, and grades are established by the buyer.

There are eight grades used for steer beef for the export trade. Four grades are for chilled carcasses, two for frozen, and two for manufacturing beef. There are other grades for cow beef and veal.

Although the major packing plants recover practically all of the by-products, considerably over half of the meat consumed domestically is slaughtered in small plants, most of which make no attempt to recover byproducts.

In contrast to the modern grading of meat at the large packinghouses for export, meat sold in the domestic market is not graded, and, in many cases not inspected. There is a retail ceiling price on beef in Montevideo which is the same regardless of quality.

Slaughter Trends

Cattle and calf slaughter in 1962, at 1.2 million head, was up slightly from the previous year, but was 14 percent below 1960 and 12 percent lower than the 1951-55 average. Sheep and lamb slaughter has declined steadily over the past decade. The 2.6 million head slaughtered in 1962 was 26 percent below the 1951-55 average. Hog slaughter has advanced slightly during the past five years.

Meat Production

Meat Production in 1962 was slightly larger than the year before but 12 percent below 1960 and 8 percent less than the 1951-55 average. Beef and veal made up four-fifths of the total meat production, with mutton and lamb accounting for 13 percent and pork 7 percent.

Domestic Meat Consumption

During most of the past 10 years, Uruguay has had a higher per capita consumption of meat than any other country. About 85 percent of the meat production is consumed domestically and only 15 percent sold on the export market. In 1962, per capita consumption of meat amounted to 213 pounds, the lowest in 5 years and substantially less than the 1951-55 average of 272 pounds, but still exceeding consumption in all countries except Australia and New Zealand. Increased exports resulted in smaller supplies being available for the domestic market.

Exports

Practically all of Uruguay's meat exports consist of beef and veal. Since 1957 mutton and lamb exports have been tapering off and they ceased entirely in 1962. Beef and veal shipments, amounting to 153 million pounds in 1962,

were sharply higher than those of the previous year and equal to the level of 1960, when exports were the highest in more than 10 years.

The proportion exported as chilled beef declined sharply in 1962, while the proportion marketed as frozen beef increased to 64 percent of total shipments. Exports of canned beef have tended to decline since 1957.

The USSR, making purchases for the first time since 1957, became the largest market for frozen beef in 1962. West Germany and the United Kingdom took most of the remainder. As in previous years, the United Kingdom was the only market for chilled beef in 1962.

Over 60 percent of the canned beef was purchased by the United States, most of the balance by the United Kingdom.

For years, Uruguay has maintained export taxes on meat as well as on other livestock products. In mid-1962, the export tax on meat was reduced from 5 percent ad valorem to .01 percent.

Other Products

Wool

Wool production amounted to 190 million pounds in 1962, slightly higher than the previous 4 years and approximately the same level as the 1951-55 average.

Wool is the principal livestock product exported and in recent years has accounted for about three-fourths of the total value of exports of livestock products. Approximately half of the wool production is exported as raw wool and most of the remainder as semi-manufactured products, principally wool tops. The United Kingdom and the United States are the principal markets for Uruguayan wool and in recent years have collectively taken about 45 percent of the exports. The European Economic Community (EEC) countries have been the destination for most of the remainder. In 1960 the export tax on wool was reduced to 25 percent.

Hides and Skins

Cattle hide and calf skin production amounted to 1.3 million pieces in 1962, compared to 1.2 million the year before and a 1951-55 average of 1.4 million. Sheep and lamb skin production declined from an average of 3.7 million pieces in 1951-55 to 2.8 million in 1962.

About $18 million worth of hides and skins were exported in 1962. This was equivalent to approximately 10 percent of the value of exports of all livestock products. France, West Germany, and other EEC countries were the principal markets for Uruguayan hides and skins.

Tallow

Most of the tallow is rendered by the four large packinghouses. Municipal abattoirs are not generally equipped for making tallow. As a result, tallow production in Uruguay is low per head of livestock slaughtered.

Production has averaged slightly less than 50 million pounds annually during recent years. Practically all of the production is utilized domestically, principally by soap and shortening manufacturers.

APPENDIX

TABLE 1.--Value of Uruguayan exports, 1956-61

Commodity	1956	1957	1958	1959	1960	1961
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Wool.....	131	58	86	57	72	114
Meat.....	22	27	15	19	31	27
Hides and skins.....	16	11	9	10	16	17
Other livestock products....	1	1	1	1	1	1
Total livestock products..	170	97	111	87	120	159
Other agricultural products.	28	8	17	4	1	3
Other exports.....	13	23	11	7	8	13
Total exports.....	211	128	139	98	129	175

TABLE 2.--LIVESTOCK: Uruguayan numbers, averages 1951-55, 1956-60, annual 1957-63

Year[1]	Cattle	Sheep	Hogs
Averages:	1,000 head	1,000 head	1,000 head
1951-55.....	7,797	24,533	258
1956-60.....	7,414	22,373	394
Annual:			
1957.....	7,350	25,500	387
1958.....	7,430	22,560	395
1959.....	7,502	21,351	400
1960.....	7,505	21,700	405
1961.....	8,680	22,000	406
1962.....	8,516	22,300	406
1963.....	8,716	22,000	407

[1] As of May.

TABLE 3.--LIVESTOCK: Uruguayan slaughter by type, averages 1951-55 and 1956-60, annual 1957-62

Year	Cattle and calves	Sheep and lambs	Hogs
Averages:	1,000 head	1,000 head	1,000 head
1951-55	1,393	3,496	236
1956-60	1,180	3,055	260
Annual:			
1957	1,046	3,013	233
1958	1,061	2,948	262
1959	1,145	2,767	275
1960	1,426	2,800	291
1961	1,168	2,692	302
1962	1,222	2,594	300

TABLE 4.--MEAT: Uruguayan production by type, carcass weight, averages 1951-55 and 1956-60, annual 1957-62

Year	Beef and veal	Mutton and lamb	Pork	Total
Average:	Million pounds	Million pounds	Million pounds	Million pounds
1951-55	650	133	43	826
1956-60	576	113	45	734
Annual:				
1957	484	106	39	629
1958	516	110	45	671
1959	571	103	49	723
1960	709	108	49	866
1961	581	101	53	735
1962	605	100	53	758

TABLE 5.--MEAT: Uruguay, total and per capita consumption by type, carcass weight, averages 1951-55 and 1956-60, annual 1957-62

Year	Beef and veal	Mutton and lamb	Pork	Total
Total consumption				
Averages:	Million pounds	Million pounds	Million pounds	Million pounds
1951-55	528	119	43	690
1956-60	479	107	45	631
Annual:				
1957	360	98	39	497
1958	465	105	45	615
1959	498	100	49	647
1960	556	108	49	713
1961	468	101	53	622
1962	453	100	53	606
Per capita consumption				
Averages:	Pounds	Pounds	Pounds	Pounds
1951-55	208	47	17	272
1956-60	176	39	17	232
Annual:				
1957	134	34	15	183
1958	172	39	17	228
1959	181	36	18	235
1960	195	35	18	248
1961	164	35	19	218
1962	159	35	19	213

TABLE 6.--MEAT AND MEAT PRODUCTS: Uruguayan exports by type, product weight, average 1951-55, annual 1957-62

Commodity	Average 1951-55	1957	1958	1959	1960	1961	1962
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
Beef and veal:							
Frozen.....	86.5	47.2	35.5	37.0	69.3	58.7	97.7
Chilled.....	([1])	12.6	2.3	13.0	56.8	31.2	23.9
Canned.....	33.6	64.1	12.2	18.6	27.0	23.1	30.2
Preserved.....	2.4	.5	.5	4.8	---	---	1.2
Total.....	122.5	124.4	50.5	73.4	153.1	113.0	153.0
Mutton and Lamb:							
Frozen.....	13.5	7.9	4.9	3.2	.1	.1	---
Total meat and meat products...	136.0	132.3	55.4	76.6	153.2	113.1	153.0

[1] If any, included in frozen beef.

TABLE 7.--MEAT AND MEAT PRODUCTS: Uruguayan exports by type and country of destination, annual 1957-62

Commodity and country of destination	1957	1958	1959	1960	1961	1962
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
Beef and veal:						
Frozen:						
USSR.....	6.6	---	---	---	---	35.7
Germany, West.....	13.0	2.3	14.9	25.6	24.2	21.1
United Kingdom.....	.4	.7	2.3	17.3	14.7	20.4
Hungary.....	---	---	---	---	---	4.6
Czechoslovakia.....	2.8	1.6	4.5	---	9.2	3.6
Italy.....	7.3	3.6	1.9	5.2	3.2	3.0
Belgium.....	7.2	.9	3.2	2.7	1.6	3.0
Netherlands.....	.6	.1	1.0	7.5	1.6	2.1
Greece.....	.3	3.2	.6	5.0	2.9	1.0
Spain.....	---	19.4	6.2	5.2	---	.4
France.....	3.8	3.5	.3	.2	.2	.2
Other countries.....	5.2	.2	2.1	.6	1.1	2.6
Total.....	47.2	35.5	37.0	69.3	58.7	97.7
Chilled:						
United Kingdom.....	12.6	2.3	13.0	56.8	31.2	23.9
Canned meats:						
United States.....	24.8	5.2	11.6	12.3	16.2	18.6
United Kingdom.....	26.7	3.1	4.5	8.6	4.4	7.2
Other countries.....	12.6	3.9	2.5	6.1	2.5	4.4
Total.....	64.1	12.2	18.6	27.0	23.1	30.2
Preserved.....	.5	.5	4.8	---	---	1.2
Mutton and lamb:						
Frozen:						
United Kingdom.....	4.4	2.3	.6	.1	.1	---
Greece.....	2.4	2.3	1.6	---	---	---
Other countries.....	1.1	.3	1.0	---	---	---
Total.....	7.9	4.9	3.2	.1	.1	---
Total all meat and meat products.....	132.3	55.4	76.6	153.2	113.1	153.0

TABLE 8.--WOOL, HIDES AND SKINS, AND TALLOW: Uruguayan production, averages 1951-55 and 1956-60, annual 1957-62

Year	Wool	Tallow	Cattle hides and calf skins	Sheep and lamb skins
	Million pounds	Million pounds	1,000 pieces	1,000 pieces
Averages:				
1951-55.....	195	55	1,443	3,696
1956-60.....	180	49	1,230	3,255
Annual:				
1957.....	198	45	1,096	3,213
1958.....	176	46	1,111	3,148
1959.....	159	47	1,195	2,967
1960.....	181	54	1,476	3,000
1961.....	185	47	1,218	2,892
1962.....	190	47	1,272	2,794

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